Losses to GIC subsidiaries

*229. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether the General Insurance Corporation subsidiaries, New India Assurance and Oriental Insurance incurred losses amounting to more than Rs. 140.00 crores due to lack of diligence and caution while issuing special contingency policies on mobile handsets; and

(b) whether the GIC will henceforth enforce rigorous norms for its subsidiaries in regard to non-conventional and tailor made policies?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) National Insurance Co. (NIC) granted cover to M/s Reliance Infocomm for mobile handsets in December 2002 and default liability insurance in June 2003. The Company also granted cover to M/s Tata Teleservices Ltd. for mobile handsets and default liability insurance in April 2004.

Oriental Insurance Co. Ltd. (OIC) granted only default liability insurance to M/s Reliance Infocomm in August 2003. Towards these policies, the NIC and OIC have paid Rs. 148.98 crores and Rs. 28.13 crores respectively against the total incurred claims of Rs. 251.84 crores and Rs. 32.00 crores respectively. The details of premium, incurred claims and claims paid are furnished below:

(Rs. in crores)

	Reliance Infocomm					
	Handsets Insurance			Default Liability		
	Premium	Incurred claims	Claims paid	Premium	Incurred claims	Claims paid
NIC						
2003-04	29.49	89.36	24.95	60.43	152.34	0.70
2004-05	—	—	—	—	—	119.91
TOTAL :	29.49	89.36	24.95	60.43	152.34	120.61
OIC						
2003-04	—		—	16.20	51.75	0.02
2004-05	—		—	0.83	-19.75	28.11
TOTAL :				17.03	32.00	28.13

(Rs. in crores)

	Tata Teleservices					
	Handsets Insurance			Default Liability		
	Premium	Incurred claims	Claims paid	Premium	Incurred claims	Claims paid
NIC						
2004-05	2.88	0.0012	0.0003	5.04	10.14	3.42

Comptroller and Auditor General (CAG) in its report has observed that while underwriting the non-conventional policies, which had serious financial implications, the operating offices did not exercise due diligence and caution and did not ensure the compliance of guidelines issued by Insurance Regulatory and Development Authority, General Insurers' Public Sector Association (GIPSA) and Head Offices of NIC/OIC.

(b) GIC is no more a holding company of public sector general insurance companies. In the light of their adverse claim experience, the companies have reported that they are taking adequate precautions in underwriting non-conventional and tailor made policies.

Development of Tourism in Western States

*230. SHRI RAJU PARMAR: Will the Minister of TOURISM be pleased to state:

(a) whether it is a fact that the Central Government have not formulated any scheme to develop tourism in the Western States;

(b) if so, the reasons therefor;

(c) whether proposals received from Western States for financial assistance have not been cleared so far; and

(d) if so, the reasons therefor and by when these proposals are likely to be cleared?

THE MINISTER OF STATE OF THE MINISTRY OF TOURISM (SHRIMATI RENUKA CHOWDHURY): (a) and (b) No, Sir. The Ministry of Tourism has formulated several schemes for development and promotion of tourism in